

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT:	VIRGINIA GAS COMPANY)	DIVISION OF
)	GAS AND OIL
)	DOCKET NO.
RELIEF SOUGHT:	EXCEPTION TO)	VGOB-92-1020-0277
	STATEWIDE SPACING)	
	LIMITATIONS PRESCRIBED)	
	BY VIRGINIA CODE ANN.)	
	§ 45.1-361.17(A)(2))	
LEGAL DESCRIPTION:)	
)	
	WELL NUMBER EH-64)	
	TRACT NO. U.S.A. Tract 550-B)	
	ELKHORN QUADRANGLE)	
	WILLIS MAGISTERIAL DISTRICT)	
	DICKENSON COUNTY, VIRGINIA)	

REPORT OF THE BOARD

FINDINGS AND ORDER

1. Hearing Date and Place: This cause came on for hearing before the Virginia Gas and Oil Board (hereinafter "Board") at 9:00 a.m. on October 20, 1992, at the Board of Supervisors Room, Buchanan County Courthouse, Grundy, Virginia.
2. Appearances: Stanford T. Mullins, Street, Street, Street, Scott and Bowman, appeared for the Applicant, and Sandra B. Riggs, Assistant Attorney General, was present to advise the Board.
3. Notice and Jurisdiction: The Board finds that it has jurisdiction over the subject matter. The Board also finds that the applicant has exercised due diligence to locate and provide notice to all persons/companies entitled to notice of this proceeding.
4. Relief Requested: Applicant requests an exception to statewide spacing requirements set forth in Section 45.1-361.17 of the Code of Virginia for Well Number EH-64 for the production of conventional gas from the surface to 150 feet below the stratigraphic equivalent of the Devonian Shale formation including the Berea, Weir, Maxon, Big Lime, Ravencliff and Devonian Shale formations ("Subject Formations"). The Applicant requests the Board's consent to drill Well Number EH-64 closer than 2,640 feet to Well Number EH-53 at the location set forth in Exhibit A hereto.
5. Amendment: None.
6. Reasons Relief Should be Granted: Evidence presented on behalf of the Applicant shows, and the Board finds, that based on the deposition of the common sources of supply anticipated between surface and total depth projected to be drilled, the proposed location exception represents the optimum location to recover commercially productive hydrocarbons underlying the drilling and spacing unit.

A qualified field engineer testified that an exception to statewide spacing was necessary to allow this well to be drilled at its proposed location: (1) to ensure maximum recovery of natural gas reserves due to geological conditions associated with the Russell Fork Fault, and (2) to

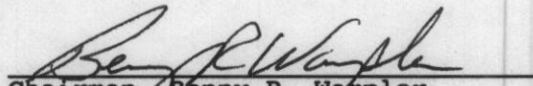
[Signature]
Byron Thomas Palmer
Principal Executive To The Staff
Virginia Gas and Oil Board

7. Relief Granted: The requested relief in this cause be and hereby is granted allowing the applicant to permit and drill Well Number EH-64 within 2,193.72 feet of Well Number EH-53 as depicted on Exhibit A hereto for the production of conventional gas from Subject Formations in Subject Drilling Unit.

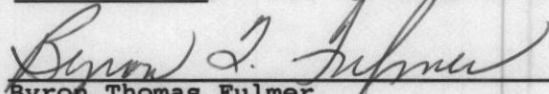
8. Findings: That the well location exception, in accordance with the foregoing, is necessary to prevent waste, protect correlative rights and to generally effect the purposes of the Virginia Gas and Oil Act.

9. Effective Date: This Order shall be effective on the date of its execution.

DONE AND EXECUTED this 14th day of December, 1992, by a majority of the Virginia Gas and Oil Board.



Chairman, Benny R. Wampler

DONE AND PERFORMED this 14th day of December, 1992, by Order of this Board.


Byron Thomas Fulmer
Principal Executive To The Staff
Virginia Gas and Oil Board

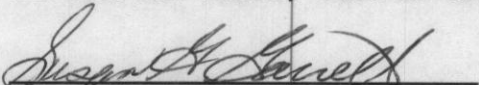
STATE OF VIRGINIA)
COUNTY OF WISE)

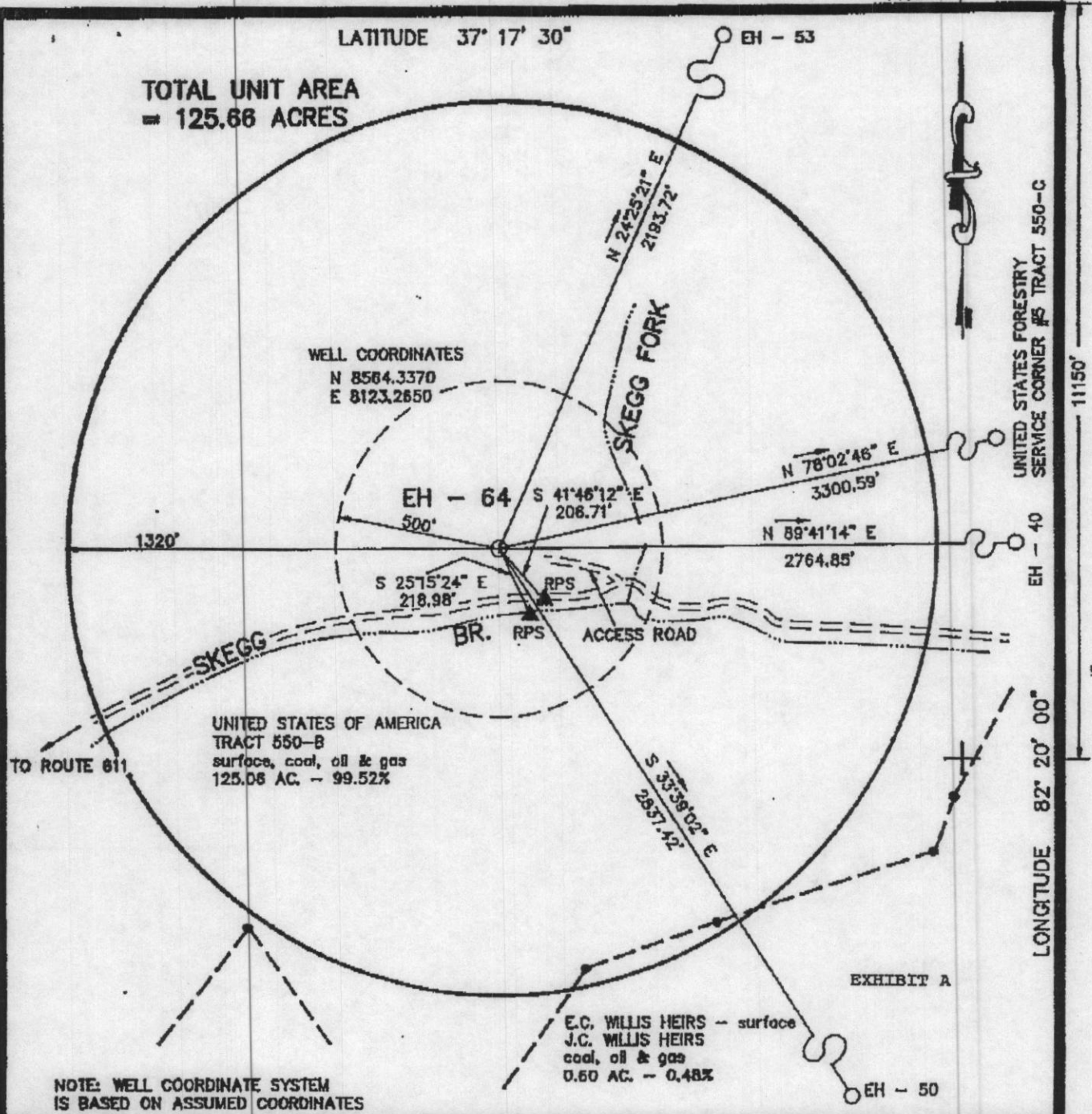
Acknowledged on this 14th day of December, 1992, personally before me a notary public in and for the Commonwealth of Virginia, appeared Benny Wampler, being duly sworn did depose and say that he is Chairman of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.


Susan G. Garrett
Notary Public
My commission expires 7/31/94

STATE OF VIRGINIA)
COUNTY OF WISE)

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WELL LOCATION PLAT

COMPANY Virginia Gas Company WELL NAME AND NUMBER EH 64

TRACT No. U.S.A. TRACT 550-B ELEVATION 1521.00 (Ting) QUADRANGLE ELKHORN CR.

COUNTY DICKENSON DISTRICT WILLIS SCALE: 1" = 400' DATE AUGUST 28, 1992

THIS PLAT IS A NEW PLAT X; AN UPDATED PLAT ; OR A FINAL LOCATION PLAT

PROPOSED TOTAL DEPTH OF WELL = 3600'

+ DENOTES THE LOCATION OF A WELL ON UNITED STATES TOPOGRAPHIC MAPS, SCALE 1" TO 24,000, LATITUDE AND LONGITUDE LINES BEING REPRESENTED BY BORDER LINES AS SHOWN.

B. Juma Jenkins 81252
LICENSED PROFESSIONAL ENGINEER OR LICENSED LAND SURVEYOR